

US SECURITIES & EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-QSB/A

(X) Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2002.

() Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .

Commission File Number 0-24185

CENTRAL AMERICAN EQUITIES CORP.

Florida 65-0636168
(State incorporated) (IRS Employer Identification No.)

Hotel Alta, Alto de las Palomas
Santa Ana, Costa Rica
Mail: POB 718/1260 Plaza Colonial, Escazu, Costa Rica
(Address of Principal Executive Offices)

+011 (506) 282-4160
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:
None
Securities registered under Section 12(g) of the Exchange Act:

Class A Common Stock, \$.001 Par Value

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding twelve (12) months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days. YES (X) NO ().

Note: The Company has not yet filed 10-Q reports required in 2002 and 2003, nor the 10-KSB required for year 2002.

The number of shares outstanding of each of the issuer's classes of common equity:

14,739,268 Shares Class A Common Stock, \$.001 par value

Transitional Small Business disclosure format (check one)
YES [X] NO []

DOCUMENTS INCORPORATED BY REFERENCE
Annual Report on Form 10-KSB of Registrant for the year ended December 31, 1998, 1999, 2000, 2001.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL INFORMATION

Central American Equities Corp. (the "Company" or "CAE") is a US hospitality company, based in Santa Ana, Costa Rica and incorporated in the State of Florida. The Company owns and operates hotels, restaurants, and real property in Costa Rica. All CAE activities are related to the Company's hotels in Costa Rica, and, as such, are reported as one operating segment (per FASB Statement No. 131). Financial statements follow.

In June 2002, the Company submitted a 10QSB for the three-month period ending March 31, 2002 that contained unaudited financial information for the fiscal year ending (FYE) December 31, 2001. This 10QSB/A updates the 10QSB with audited financial information for FYE 2001.

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Consolidated Balance Sheet

Assets

	<u>March 31, 2002</u>	<u>Dec. 31, 2001</u>
Current assets		
Cash and cash equivalents	\$ 41,831	\$ 28,495
Account receivable	98,319	94,004
Account receivable (asset sale)	755,000	755,000
Inventory	17,701	18,920
Prepaid expenses	1,796	4,268
	<u>914,647</u>	<u>900,687</u>
Buildings and equipment, Net of depreciation	<u>5,023,749</u>	<u>5,060,113</u>
Other assets		
Long-Term Assets	1,261,007	1,261,007
Other Assets		
	<u>1,261,007</u>	<u>1,261,007</u>
Total assets	<u>\$ 7,199,403</u>	<u>\$ 7,221,807</u>

Liability and Stockholders' Equity

Current liabilities		
Accounts payable	\$ 290,682	\$ 308,682
Accrued expenses	314,229	320,281
	<u>604,911</u>	<u>628,963</u>
Other liabilities		
Long term debt	520,676	529,676
Due to officers	292,135	293,135
	<u>812,811</u>	<u>822,811</u>
	<u>1,417,722</u>	<u>1,451,774</u>
Stockholders' equity		
Common stock — \$.001 par value; 20,000,000 Authorized, 14,739,268 issued and outstanding	14,739	14,739
Preferred stock - \$.001 par value; 1,000,000 shares authorized, 0 issued and outstanding	-	-
Additional paid-in capital	10,149,816	10,149,816
Unrealized gain on foreign exchange	55,929	55,929
Retained deficit	<u>(4,438,802)</u>	<u>(4,450,451)</u>
	5,781,682	5,770,033
Liabilities and stockholders' equity	<u>\$ 7,199,404</u>	<u>\$ 7,221,807</u>

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Consolidated Statement of Operations

For the three month period ended March 31,

	<u>2002</u>	<u>2001</u>
Revenues	\$ 364,981	\$ 346,626
Cost of Services	<u>(102,947)</u>	<u>(139,360)</u>
Gross Profit	<u>262,034</u>	<u>207,265</u>
Operations		
General & Administrative	(196,616)	(176,860)
Depreciation	<u>(36,364)</u>	<u>(34,632)</u>
	<u>(232,980)</u>	<u>(211,492)</u>
Interest Expense	<u>(17,405)</u>	<u>(26,889)</u>
Income taxes	0	0
NET INCOME (Loss)	<u>\$ 11,649</u>	<u>\$ (31,115)</u>
Weighted Average share of Common Stock Outstanding	<u>14,739,268</u>	<u>14,739,268</u>
Net Gain (Loss) per Common Share	<u>\$.01</u>	<u>\$ (.01)</u>
Net Gain (Loss) per Fully Diluted Share	<u>\$.01</u>	<u>\$ (.01)</u>

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Statements of Cash Flow
For the Three Months Ended March 31,

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Net Income	\$ 11,649	(31,115)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	36,364	34,632
Unrealized loss on foreign exchange	0	1,718
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(4,316)	(41,901)
Inventory	1,219	(18,816)
Prepaid expense and other	2,472	8,886
Increase (decrease) in:		
Accounts payable	(18,000)	6,106
Accrued expenses	<u>(6,052)</u>	<u>40,404</u>
Net cash used in operating activities	<u>23,336</u>	<u>(86)</u>
Cash flows from investing activities:		
Capital Expenditures	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from loans	(9,000)	0
Proceeds from loans from officers	(1,000)	0
Proceeds from issuance of common stock	-	-
Proceeds from additional paid in capital	<u>-</u>	<u>-</u>
Net cash provided by financing activities	<u>(10,000)</u>	<u>-</u>
Net (decrease) increase in cash	13,336	(86)
Cash – beginning of year	<u>28,495</u>	<u>15,900</u>
Cash – end of year	<u>\$ 41,831</u>	<u>\$ 15,816</u>
Supplemental Disclosure of cash flow information:		
Interest	17,405	26,869
Income Taxes	0	0

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 - Summary of Accounting Policies

Nature of Business

Central American Equities Corp. and Subsidiaries (the "Company") was incorporated under the laws of the State of Florida on January 23, 1996. The Company provides an integrated eco-vacation experience in Costa Rica, and is in the business of owning and operating hotels and restaurants and real property in Costa Rica.

In December of 1996, the Company entered into an agreement for the exchange of common stock ("Exchange Agreement") with Cal Tico, L.P., Ecolodge Partners, L.P. and Marine Lodge Partners, L.P. (Partnership). Pursuant to the exchange agreement, the company issued 7,756,885 and 3,099,392 shares of common stock to limited partners and the general partners, respectively, of the partnerships. In exchange for the shares, the partnership transferred all of their interests (i.e. 100% of the outstanding common stock) in the following Costa Rican corporations: Hoteleria Cal Tico, S.A.; Bandirma, S.A.; Sociedad Protectora De La Fuana y Flora Marintima De Mal Pais, S.F.; Ecoproyecto San Luis, S.A. and Confluencia, S.A.

Cal Tico, L.P. was a California limited partnership that was formed in July 1992 to raise \$2 million to purchase the land and construct Hotel Alta. Cal Tico, L.P. owns 100% of the stock in Hoteleria Cal Tico, S.A., a Costa Rican corporation. Hoteleria Cal Tico, S.A. owns the land and buildings at Hotel Alta.

Ecolodge Partners, L.P. was formed in July 1993 to raise a total of \$1.3 million in a private placement offering to purchase the land and construct the Ecolodge San Luis and Biological Station. Ecolodge Partners was a California limited partnership that owned all of the stock in Ecoproyecto San Luis, S.A. and Confluencia San Luis, S.A., the two Costa Rican companies that own the Ecolodge land and buildings.

Marine Lodge Partners L.P. was formed in March 1995 to raise \$1 million for the purchase and renovation of the Sunset Reef. MarineLodge Partners was a California limited partnership. Marine Lodge Partners owned 100% of the stock in Bandirma, S.A. Bandirma owns: a) 90% of the Sociedad Protectora De La Fauna y Flora Maritima de Mal Pais S.A., a Costa Rican corporation which owns the land and buildings at Sunset Reef, and b) 100% of Muxia, S.A. which owns 100% of the land and buildings at Playa Carmen.

Basis of Consolidation

The consolidated financial statements include the consolidated accounts of Central American Equities Corp. and its subsidiaries. Hoteleria Cal Tico, S.A., Bandirma, S.A., Sociedad Protectora De La Fuana y Flora Marintima De Mal Pais, S.F.,

Ecoprojecto San Luis, S.A. and Confluencia, S.A. are held 100% by the Company. All intercompany transactions and accounts have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the statement of cash flows all certificates of deposits with maturities of 90 days or less, were deemed to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed provided using the straight-line method over the estimated useful lives of five for equipment, seven years for furniture and fixtures and forty-five years for buildings and improvements.

Repairs and maintenance costs are expensed as incurred while additions and betterments are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gain or losses are reflected in earnings.

Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Statement of Accounting Standard No. 123

In 1997, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 encourages, but does not require companies to record at fair value compensation cost for stock-based compensation plans. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. The difference between the fair value method of SFAS-123 and APB 25 is immaterial.

Adoption of Statement of Position 98-5

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, Reporting the Costs of Start-Up Activities, which requires that costs related to start-up activities be expensed as incurred. Prior to 1998, the Company capitalized its organization costs. The Company adopted the provisions of the SOP in its financial statements for the year ended December 31, 1998. The effect of adoption of SOP 98-5 was to record a charge for the cumulative effect of an

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 - Summary of Accounting Policies (continued)

accounting change of \$235,605 (\$.02 per share), to expense costs that had been previously capitalized prior to 1998.

Adoption of Statement of Accounting Standard No. 128

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). SFAS 128 changes the standards for computing and presenting earnings per share (EPS) and supersedes Accounting Principles Board Opinion No. 15, "Earnings per Share." SFAS 128 replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. This Statement requires restatement of all prior period EPS data presented.

As it relates to the Company, the principal differences between the provisions of SFAS 128 and previous authoritative pronouncements are the exclusion of common stock equivalents in the determination of Basic Earnings Per Share and the market price at which common stock equivalents are calculated in the determination of Diluted Earnings Per Share.

Basic earnings per common share is computed using the weighted average number of shares of common stock outstanding for the period. Diluted earnings per common share is computed using the weighted average number of shares of common stock and dilutive common equivalent shares related to stock options and warrants outstanding during the period.

The adoption of SFAS 128 had no effect on previously reported loss per share amounts for the year ended December 31, 1997. For the years ended December 31, 1999 and 1998, primary loss per share was the same as basic loss per share and fully diluted loss per share was the same as diluted loss per share. A net loss was reported in 1998 and 1997, and accordingly, in those years the denominator was equal to the weighted average outstanding shares with no consideration for outstanding options and warrants to purchase shares of the Company's common stock, because to do so would have been anti-dilutive. Stock options for the purchase of 357,500 shares at December 31, 1998 were not included in loss per share calculations, because to do so would have been anti-dilutive.

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 - Summary of Accounting Policies (continued)

Revenue Recognition

The Company records revenue at the point of service and maintains its corporate records for both financial statement and tax return purposes on the accrual method of accounting.

Foreign Exchange

Assets and liabilities of the Company, which are denominated in foreign currencies, are translated at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates throughout the year. The unrealized translation gains and losses are accumulated in a separate component of stockholders' equity. Translation exchange gains and losses are reflected in net earnings.

Fair Value of Financial Instruments

The carrying amount of the Company's financial instruments, which principally include cash, note receivable, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

The fair value of the Company's debt instruments is based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At March 31, 2002, December 31, 2001 and 2000, respectively, the carrying value of all financial instruments was not materially different from fair value.

Income Taxes

The Company has net operating loss carryovers of approximately \$4.4 million as of March 31, 2002, expiring in the years 2012 through 2021. However, based upon present Internal Revenue regulations governing the utilization of net operating loss carryovers where the corporation has issued substantial additional stock, most of this loss carryover may not be available to the Company.

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, effective July 1993. SFAS No.109 requires the establishment of a deferred tax asset for all deductible temporary differences and operating loss carryforwards. Because of the uncertainties discussed in Note 2, however, any deferred tax asset established for utilization of the Company's tax loss carryforwards would correspondingly require a valuation allowance of the same amount pursuant to SFAS No. 109. Accordingly, no deferred tax asset is reflected in these financial statements.

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2 - Going Concern

Although the Company had a net profit in the first quarter of 2002, the Company has incurred net losses its previous years of operation. The Company has received additional financing through the sale of a non-performing asset, continues to control expenses, and evaluates the ongoing performance of the Company's assets. The ability of the Company to continue as a going concern is dependent on the success of application and techniques. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 - Property and Equipment

As of March 31, 2002 plant and equipment (not including the option to repurchase Sunset Reef) consisted of the following:

Land	\$840,075
Buildings	4,489,519
Machinery and equipment	97,472
Furniture and fixtures	286,635
Computer equipment	73,693
	<u>5,787,394</u>
Less accumulated depreciation	<u>763,645</u>
	<u>\$ 5,023,749</u>

Note 4 - Notes Payable

At the end of 2001, the Company had \$481,376 outstanding against a \$500,000 loan with Banco BCT, with interest at the prime rate plus 3%. Principal payments were to begin on January 10, 2000 in monthly installments of \$38,462. During 2001, interest only was paid on the last day of each month. In February 2002, the Company restructured the loan. The new terms include a loan term of 70 months; an annual interest rate of prime plus 3.75%, and monthly principal payments that vary with the high and low occupancy periods of Hotel Alta. Monthly principal payments in year vary from \$3,000 to \$9,000. The funds advanced under this line of credit were utilized to supplement cash flow for operating expenses and construction costs. The note is collateralized by property of the Company. As of March 31, \$472,375 remained outstanding on the loan.

Included in notes payable at December 31, 2001 is a note payable to shareholder, dated July 21, 2000, of \$48,300. The note payable bears interest at 21% and is due July 22, 2002.

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 5 - Due to Officers

Notes payable as of March 31, 2002 are as follows:

Note payable to shareholder dated November 30, 2000 with interest at 6% with no set terms for prepayment	\$132,700
Note payable to shareholder dated July 15, 2000 with interest at 6% with no set terms for prepayment	6,000
Note payable to shareholder with no set terms for prepayment	4,775
Note payable to shareholder with interest at 13%, the due date is being renegotiated	<u>148,660</u>
Total Due to Officers	\$292,135

Note 6 - Commitments

The Company has a month-to-month lease for 1 acre of property. Minimum rentals in the year ending December 31, 2002 are \$18,000

Note 7 - Business Combination

On December 6, 1996 the Company entered into an agreement for the exchange of common stock ("Exchange Agreement") with Cal Tico, L.P., Ecolodge Partners, L.P. and Marine Lodge Partners, L.P. ("Partnership"). Pursuant to the exchange agreement, the Company issued 7,756,885 and 3,099,392 shares of common stock to the limited partners and the general partners, respectively, of the partnerships. In exchange for the shares, the partnership transferred all of their interests (i.e. 100% of the outstanding common stock) in the following Costa Rican corporations: Hotelera Cal Tico, S.A.; Bandirma, S.A.; Sociedad Protectora De La Fuana y Flora Marintima De Mal Pais, S.F.; Ecoproyecto San Luis, S.A. and Confluencia, S.A. The acquisition has been accounted for as a purchase transaction and, accordingly, the fair value of the Company's stock that was issued was allocated to assets and liabilities based on the estimated fair value as of the acquisition date.

Note 8 - Loss of Asset

On January 5, 2001, the title for Sunset Reef Marine Hotel passed to Rosenmiller and Caggiano. At such date the Company entered into an agreement with the option to purchase Sunset Reef Marine Hotel for \$271,000. The option expired on February 5, 2002, but was extended. The Company had also reached an agreement to rent Sunset Reef Marine Hotel at the rate of \$1,000 per month until February 5, 2002. The rental agreement was also

extended. In June 2002, the Company exercised its option and repurchased Sunset Reef.

Note 9 - Sale of Ecolodge San Luis & Biological Station

In December 2001, the Company sold the Ecolodge San Luis property, all related assets, structures, and the hotel business and its operating licenses to Corporacion Negro y Rojo de San Luis S.A., a Costa Rica corporation owned by the University of Georgia. Milton and Diana Lieberman, former employees of Central American Equities, represented the University of Georgia in this transaction.

Total consideration for the sale was \$895,000 dollars including previously received option payments. The loss on the sale of the asset (net price less net book value) was approximately \$265,000. The price is based upon the value of assets and the ongoing business. The Company initially financed the purchase of the asset under the following terms: a) a 10% interest rate (13% if payments are delinquent), b) a varying payment schedule to be completed within one year of sale, and c) a \$3,000 (increasing to \$4,500) monthly rental fee for the Ecolodge San Luis hotel business to be paid until payments for the business were completed. Initial receipts from the purchase were used to pay all Ecolodge San Luis liabilities including all severance-related payments to employees. Following non-payment of principal in February 2002, in May 2002, the Company renegotiated the sale with officials of the University of Georgia Real Estate Foundation. The Company forgave interest and rental payments in exchange for immediate payment of all outstanding principal.

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

**Note 9 - Sale of Ecolodge San Luis & Biological Station
(continued)**

The details on the transaction are as follows:
Note receivable

Sale price	\$ 895,000
Liquidation & liabilities	30,000
	865,000
Cash payments received	110,000
	<u>\$ 755,000</u>
Net sale price	\$ 865,000
Legal and transfer	20,000
	<u>\$ 845,000</u>
Net book value	
Land	\$ 305,422
Structures & equipment	927,815
Accumulated depreciation	<u>(122,871)</u>
Net book value	<u>\$ 1,110,366</u>
Net price	
Gross price	\$ 895,000
Cost of sale	<u>50,000</u>
Net price	845,000
Net book value	<u>1,110,366</u>
Loss on sale of asset	<u>\$ (265,366)</u>

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of significant factors which have affected the Company's financial position and operations during the three month period ended March 31, 2002.

Overview

Central American Equities Corp. (the "Company" or "CAE") is a US hospitality company, based in Santa Ana, Costa Rica and incorporated in the State of Florida on January 23, 1996. The Company specializes in providing high-quality food and lodging in unique natural settings in Costa Rica. The Company is in the business of owning and operating hotels and restaurants and real property in Costa Rica.

As of March 31, 2002, CAE owned Hotel Alta in Santa Ana (a suburb of the capital city of San Jose), and rented with an option to purchase Sunset Reef (on the Pacific Ocean in Mal Pais adjacent to the protected Cabo Blanco Reserve). CAE also owns and operates La Luz Restaurant (located in Hotel Alta), Restaurant Tropicana (on the beach at Playa Carmen near Sunset Reef), and ATP-Costa Rica (a full-service reservation, travel planning and in-bound tour operation based in Costa Rica).

The first year of full operation of the Company's hotels was 1998. All Company owned facilities, except for Restaurant Tropicana, were opened and operating by the beginning of 1998. Beginning in late 2001, Tropicana Restaurant was operated by the Company (in past years it had been rented on a monthly basis). On March 31, 2002, the Company had approximately 65 full-time, part-time and contract employees.

Overview

With the opening of Hotel Alta in December 1997, 2001 marked the fourth year of full operation of the Company's hotels. During late 2001 and the first quarter of 2002, the Company responded to several critical challenges.

Restructuring the Loan on Hotel Alta.

At the end of 2001, the Company had \$481,376 outstanding against a \$500,000 line of credit with Banco BCT, which had interest at the prime rate plus 3%. The note was (and is currently) collateralized by Hotel Alta. The funds advanced under this line of credit were utilized to supplement cash flow for operating expenses and construction costs. Principal payments were to begin on January 10, 2000 in monthly installments of \$38,462. However, with limited cash flow and no proceeds from a planned sale of stock, the Company was unable to make principal payments on the loan.

During 2001, interest only was paid on the loan to keep it from default. In February 2002, the Company succeeded in

restructuring the loan. The new terms include a length of 70 months; an annual interest rate of prime rate plus 3.75%, and monthly principal payments that vary with the high and low occupancy periods of Hotel Alta. Principal payments in the first year will vary from \$3,000 to \$9,000 per month. As of July 25, 2003, interest and principal payments were current.

Sale of Ecolodge San Luis

Continued declines in occupancy and revenue at Ecolodge San Luis & Biological Station over the 12 months prior to July 2001 caused the Company to evaluate its ability to make a profit on this facility. In July 2001, management decided to sell Ecolodge San Luis because of its disappointing sales and profit levels and because it believed that a greater return could be achieved by investing elsewhere.

In December 2001, the Company sold Ecolodge San Luis property, all related assets, structures, and the hotel business and its operating licenses to Corporacion Negro y Rojo de San Luis S.A., a Costa Rica corporation affiliated with the University of Georgia. (Milton and Diana Lieberman, former employees of Central American Equities represented the University Georgia in this transaction and, in addition, were officers of Corporacion Negro y Rojo de San Luis S.A.)

Total consideration for the sale was \$895,000 dollars including previously received option payments. The loss on the sale of the asset (net price less net book value) was about \$265,000. The price was based upon the value of assets and the ongoing business. The Company initially financed the purchase of the asset under the following terms: a) a 10% interest rate (13% if payments are delinquent), b) a varying payment schedule to be completed within one-year of sale, and c) a \$3000 (increasing to \$4,500) monthly rental fee for the Ecolodge San Luis hotel business to be paid until payments for the business are completed. Initial receipts from the purchase were used to pay all Ecolodge San Luis liabilities including all severance-related payments to employees. In May 2002, the Company renegotiated the sale. The Company forgave interest and rental payments in exchange for a faster payment of all outstanding principal.

The Company will continue to send guests to Ecolodge San Luis as a wholesaler ---- retaining 40% (60% through May 2002 when remaining principal is paid) of fees charged to guests. Ecolodge San Luis plans to send guests to Hotel Alta and Sunset Reef (CAE's other hotels in Costa Rica) from the University of Georgia.

Management plans to use proceeds from the sale to reduce corporate debt including debt related to Sunset Reef, thereby achieving its reacquisition (see below).

Repurchasing Sunset Reef.

In November 1999, the Company agreed to a note in the amount of \$210,000 payable to a director of the Company, O. Fred W. Rosenmiller. The note was collateralized by Company property, Sunset Reef Marine Hotel. At the time of the agreement, the Company also used the Sunset Reef property as collateralization for salary past due for the President of the Company, Michael Caggiano, in the amount of \$54,668 (see Note 7 in the Financial Statements). Unable to repay the loan when due in November of 2000, ownership of Sunset Reef passed to Rosenmiller and Caggiano in January 2001. The Company, however, continued to operate Sunset Reef and it remained a source of revenue. Management paid the option and returned Sunset Reef to the balance sheet in June 2002 when it received revenues from the sale of the Ecolodge.

Future Direction: Merger or Acquisition

Management is taking several steps to try to strengthen the Company during 2002. Of greatest significance, management has been seeking to grow the business through a merger with a strategic partner in Costa Rica. Currently it is exploring the potential synergies of a merger with a local air transportation provider. Among its assets, management continues to believe that the Company's public trading status makes it an attractive merger partner.

Results of Operations

Comparison of Operations for the 3-Month Periods Ended March 31, 2002 and 2001

The three-month period reported in this 10-QSB/A encompasses the traditional high season when travel to Costa Rica increases. This year the Company has been challenged by diminished travel demand brought on by the terrorist attacks of September 11. During the first three months of 2002, travel to Costa Rica declined by approximately 6% compared to the same period in 2001.

Despite declines in tourist arrivals and increases in competition from new hotels, during the three-month period ended March 31, 2002, total sales revenue was approximately \$365,00, an increase of 5.3% from the same period in 2001. This increase is noteworthy as revenues during the first quarter of 2002 did not include any revenue from Ecolodge San Luis which had been sold in December 2001. (Ecolodge San Luis had produced approximately \$26,000 of Company sales in the first quarter of 2001.) Revenues from the now Company-operated Tropicana Restaurant at Playa Carmen were approximately \$45,000 or 12% of the revenues for the first quarter of 2002.

During the three-month period ended March 31, 2002, total operational expenses (cost of services and operational costs) were about \$299,500. This represents a decline of approximately

\$17,000 or more than 5% from the same period in 2001. (In the first quarter of 2001, operational costs for Ecolodge San Luis had totaled approximately \$39,000. Operational costs for Tropicana Restaurant were about \$30,000 in the first three months of 2002.)

During the three-month period ended March 31, 2002 the Company earned approximately \$65,000 (before depreciation of about \$36,000 and interest costs of about \$17,400). Net income, including depreciation and interest, was about \$11,600. During the same period in 2000, the Company had a net loss of approximately \$31,000.

Liquidity and Capital Resources

During the first three months of 2002, the Company recorded positive net income of approximately \$11,600. However, prior to this filing, Company operations had resulted in losses. During 2001, capitalization was not sufficient to fund necessary expenses, although for the first time, management did not acquire loans for working capital. The Company has limited, albeit improving, cash liquidity and capital resources. The Company plans to hold sufficient cash from the sale of assets in reserve to protect against cash flow needs during 2002. During the first quarter of 2002, the Company met all cash flow needs from internal operations.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Actions in Costa Rican Labor Court

At this time there are actions against Central American Equities in the Costa Rican Labor Court that have been brought by former employees who had been dismissed by the Company due to poor performance or insubordination. These employees dispute the reason for their dismissal and, as such, claim they are entitled to additional monetary compensation. The Company considers these actions to be routine litigation that is incidental to the business (as defined under Reg. §228.103). It is anticipated that any contingent liability stemming from these claims would be immaterial to the Company.

ITEM 2. CHANGES IN SECURITIES

The Company did not sell or issue any securities of any kind during the three-month period that ended on March 31, 2002.

Subsequent Event

On October 28, 2002, the board granted by board resolution additional compensation to Michael Caggiano, the Company President and CEO of 700,000 shares of Common Stock. By Board

resolution, an additional 700,000 shares of Common Stock was to be granted to Michael Caggiano on October 28, 2003.

On October 28, 2002, the board also granted additional options to Caggiano as follows: 100,000 shares @ \$0.10; 100,000 shares @\$0.15; and 100,000 shares @ \$0.20. Recognizing that significant past salary was due and payable, the board collateralized full compensation due with a Company asset: Restaurante Tropicana in Mal Pais.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company did not default upon any securities of any kind during the three-month period that ended on March 31, 2002.

Subsequent Event

As of November 2002, Hotel Alta owed Tributacion (the Costa Rican taxing authority) approximately \$240,000 in unpaid sales taxes. The Costa Rican government offered to all companies in Costa Rica amnesty from interest and penalties for back taxes paid by April 30, 2003. Prior to April 30, 2003, the Company, unable to pay these taxes in cash, proposed that the debt be resolved with the exchange of property worth an equivalent value (the Company offered a portion of the parcel of land it owns in Playa Carmen where Restaurante Tropicana is located). In late August 2003, Tributacion notified the Company that it would not accept the land as payment for taxes due and demanded payment within ten days under threat of closure. The Company is currently negotiating with Tributacion the resolution of this problem.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company submitted no matter to a vote of its security holders during the period ended March 31, 2002.

ITEM 5. OTHER INFORMATION

See Item 3 above. There is no other information that the Company believes is necessary to include in this report.

ITEM 6. EXHIBITS AND REPORTS

Exhibits and reports filed herewith: none.

VERIFICATION SIGNATURES

In accordance with Section 12 of the Securities and Exchange Act of 1934, the registrant caused this registration to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTRAL AMERICAN EQUITIES CORP.

BY: Michael N. Caggiano, President/CEO

MICHAEL N. CAGGIANO, President/CEO

CENTRAL AMERICAN EQUITIES CORP.

BY: Richard Wm. Talley, Director

RICHARD WM. TALLEY, DIRECTOR

CENTRAL AMERICAN EQUITIES CORP.

BY: F. O. Rosenmiller, Director

F.O. ROSENMILLER, DIRECTOR